

STAND. COM. REP. NO. 3147

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2514
H.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Economic Development and Taxation, to which was referred H.B. No. 2514, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE CONVEYANCE TAX,"

begs leave to report as follows:

The purpose of this measure is to assist in addressing the problems of and provide further opportunities in affordable housing in the State by extending the sunset date for the allocation of fifty per cent of the conveyance tax under section 247-7, Hawaii Revised Statutes, to the Rental Housing Trust Fund established under section 201H-202, Hawaii Revised Statutes, to an unspecified year.

Testimony in support of this measure was submitted by the Department of Taxation, the Hawaii Housing Finance and Development Corporation, the Kaua'i County Housing Agency, the Office of Hawaiian Affairs, the Hawaii Association of Realtors, EAH Housing, and Catholic Charities of Hawai'i. The Tax Foundation of Hawaii submitted comments.

The Rental Housing Trust Fund provides equity gap financing for the construction or preservation of affordable rental housing projects throughout the State. Through the end of the 2007 calendar year, the Hawaii Housing Finance and Development Corporation has leveraged the Rental Housing Trust Fund to facilitate the development or preservation of 2,391 rental housing units in thirty-two projects statewide. Your Committee finds that providing additional funds, including extending the allocation of

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fifty per cent of the conveyance tax into the Rental Housing Trust Fund, will aid in addressing the lack of affordable housing in the State.

If this measure should take effect in fiscal year 2009, there will be no impact on overall tax collections; however, the allocation of funds will be affected. There is an expected general fund tax revenue loss of approximately \$9,400,000 for fiscal year 2009 and annually thereafter. The Rental Housing Trust Fund will increase by the same amount. According to the Department of Taxation's Annual Report, total conveyance tax revenue for fiscal year 2007 was \$46,000,000. It was expected that after Act 100, Session Laws of Hawaii 2006, was repealed, an additional twenty per cent of the conveyance tax revenue would be deposited into the general fund. This amount is therefore assumed to be the revenue lost.

As affirmed by the record of votes of the members of your Committee on Economic Development and Taxation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2514, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development and Taxation,



CAROL FUKUNAGA, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Economic Development and Taxation
EDT

Bill / Resolution No.:*	Committee Referral:	Date:
HB 2514 HD1	CPH/HSP, EDT, WAM	3/18/08

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
FUKUNAGA, Carol (C)	✓			
ESPERO, Will (VC)	✓			
BAKER, Rosalyn H.				✓
ENGLISH, J. Kalani	✓			
IGE, David Y.	✓			
SLOM, Sam				✓
TOTAL	4			2

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *Will Espero*

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*Only one measure per Record of Votes